

# HOUSE BILL No. 1180

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 5-28-15; IC 6-1.1; IC 6-3.1-11-19; IC 6-3.5-7; IC 6-6; IC 8-22-3.5-14.

**Synopsis:** Excludes inventory from property tax assessment. Converts the 100% property tax deduction for inventory to an exemption by excluding inventory from the definition of personal property subject to the property tax. Deletes references to inventory as taxable personal property. Repeals property tax credits and exemptions applicable to inventory. Makes related changes.

**Effective:** January 1, 2007 (retroactive).

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**Leonard, Reske, Borrer, Harris T**

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January 11, 2007, read first time and referred to Committee on Ways and Means.

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First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

## HOUSE BILL No. 1180

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A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 5-28-15-3, AS ADDED BY P.L.214-2005,  
2       SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3       JANUARY 1, 2007 (RETROACTIVE)]: Sec. 3. As used in this  
4       chapter, "zone business" means an entity that accesses at least one (1)  
5       tax credit, deduction, or exemption incentive available under this  
6       chapter, ~~IC 6-1.1-20.8~~, IC 6-1.1-45, IC 6-3-3-10, IC 6-3.1-7, or  
7       IC 6-3.1-10.

8       SECTION 2. IC 5-28-15-5, AS ADDED BY P.L.214-2005,  
9       SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
10       JANUARY 1, 2007 (RETROACTIVE)]: Sec. 5. (a) The board has the  
11       following powers, in addition to other powers that are contained in this  
12       chapter:

- 13           (1) To review and approve or reject all applicants for enterprise  
14           zone designation, according to the criteria for designation that this  
15           chapter provides.  
16           (2) To waive or modify rules as provided in this chapter.  
17           (3) To provide a procedure by which enterprise zones may be



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monitored and evaluated on an annual basis.

(4) To adopt rules for the disqualification of a zone business from eligibility for any or all incentives available to zone businesses, if that zone business does not do one (1) of the following:

(A) If all its incentives, as contained in the summary required under section 7 of this chapter, exceed one thousand dollars (\$1,000) in any year, pay a registration fee to the board in an amount equal to one percent (1%) of all its incentives.

(B) Use all its incentives, except for the amount of the registration fee, for its property or employees in the zone.

(C) Remain open and operating as a zone business for twelve (12) months of the assessment year for which the incentive is claimed.

(5) To disqualify a zone business from eligibility for any or all incentives available to zone businesses in accordance with the procedures set forth in the board's rules.

(6) After a recommendation from a U.E.A., to modify an enterprise zone boundary if the board determines that the modification:

(A) is in the best interests of the zone; and

(B) meets the threshold criteria and factors set forth in section 9 of this chapter.

(7) To employ staff and contract for services.

(8) To receive funds from any source and expend the funds for the administration and promotion of the enterprise zone program.

(9) To make determinations under IC 6-3.1-11 concerning the designation of locations as industrial recovery sites. ~~and the availability of the credit provided by IC 6-1.1-20.7 to persons owning inventory located on an industrial recovery site.~~

(10) To make determinations under ~~IC 6-1.1-20.7~~ and IC 6-3.1-11 concerning the disqualification of persons from claiming credits provided by ~~those chapters~~ **that chapter** in appropriate cases.

(11) To make determinations under IC 6-3.1-11.5 concerning the designation of locations as military base recovery sites and the availability of the credit provided by IC 6-3.1-11.5 to persons making qualified investments in military base recovery sites.

(12) To make determinations under IC 6-3.1-11.5 concerning the disqualification of persons from claiming the credit provided by IC 6-3.1-11.5 in appropriate cases.

(b) In addition to a registration fee paid under subsection (a)(4)(A), each zone business that receives an incentive described in section 3 of this chapter shall assist the zone U.E.A. in an amount determined by

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the legislative body of the municipality in which the zone is located. If a zone business does not assist a U.E.A., the legislative body of the municipality in which the zone is located may pass an ordinance disqualifying a zone business from eligibility for all credits or incentives available to zone businesses. If a legislative body disqualifies a zone business under this subsection, the legislative body shall notify the board, the department of local government finance, and the department of state revenue in writing not more than thirty (30) days after the passage of the ordinance disqualifying the zone business. Disqualification of a zone business under this section is effective beginning with the taxable year in which the ordinance disqualifying the zone business is adopted.

SECTION 3. IC 6-1.1-1-8.4 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: **Sec. 8.4. "Inventory" means:**

- (1) materials held for processing or for use in production;**
- (2) finished or partially finished goods of a manufacturer or processor; and**
- (3) property held for sale in the ordinary course of trade or business.**

SECTION 4. IC 6-1.1-1-11, AS AMENDED BY P.L.214-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: **Sec. 11. (a)** Subject to the limitation contained in subsection (b), "personal property" means:

- ~~(1)~~ nursery stock that has been severed from the ground;
- ~~(2)~~ florists' stock of growing crops which are ready for sale as pot plants or benches;
- ~~(3)~~ **(1)** billboards and other advertising devices which are located on real property that is not owned by the owner of the devices;
- ~~(4)~~ **(2)** motor vehicles, mobile houses, airplanes, boats not subject to the boat excise tax under IC 6-6-11, and trailers not subject to the trailer tax under IC 6-6-5;
- ~~(5)~~ **(3)** foundations (other than foundations which support a building or structure) on which machinery or equipment is installed; and
- ~~(6)~~ **(4)** all other tangible property (other than real property) which is being:
  - ~~(A)~~ held for sale in the ordinary course of a trade or business;
  - ~~(B)~~ held, used, or consumed in connection with the production of income; or
  - ~~(C)~~ **(A)** is being held as an investment; or

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**(B) is depreciable personal property.**

(b) Personal property does not include the following:

- (1) Commercially planted and growing crops while they are in the ground.
- (2) Computer application software. ~~that is not held as~~
- (3) Inventory. ~~(as defined in IC 6-1.1-3-11).~~

SECTION 5. IC 6-1.1-2-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]:  
Sec. 7. The following property is not subject to assessment and taxation under this article:

- (1) A commercial vessel that is subject to the net tonnage tax imposed under IC 6-6-6.
- (2) A motor vehicle or trailer that is subject to the annual license excise tax imposed under IC 6-6-5.
- (3) A boat that is subject to the boat excise tax imposed under IC 6-6-11.
- (4) Property used by a cemetery (as defined in IC 23-14-33-7) if the cemetery:
  - (A) does not have a board of directors, board of trustees, or other governing authority other than the state or a political subdivision; and
  - (B) has had no business transaction during the preceding calendar year.
- (5) A commercial vehicle that is subject to the annual excise tax imposed under IC 6-6-5.5.

**(6) Inventory.**

SECTION 6. IC 6-1.1-3-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]:  
Sec. 1. (a) Except as provided in subsection (c), ~~and section 11 of this chapter;~~ personal property which is owned by a person who is a resident of this state shall be assessed at the place where the owner resides on the assessment date of the year for which the assessment is made.

(b) Except as provided in subsection (c), ~~and section 11 of this chapter;~~ personal property which is owned by a person who is not a resident of this state shall be assessed at the place where the owner's principal office within this state is located on the assessment date of the year for which the assessment is made.

(c) Personal property shall be assessed at the place where it is situated on the assessment date of the year for which the assessment is made if the property is:

- (1) regularly used or permanently located where it is situated; or

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(2) owned by a nonresident who does not have a principal office within this state.

(d) If a personal property return is filed pursuant to subsection (c), the owner of the property shall provide, within forty-five (45) days after the filing deadline, a copy or other written evidence of the filing of the return to the assessor of the township in which the owner resides. If such evidence is not filed within forty-five (45) days after the filing deadline, the assessor of the township in which the owner resides shall determine if the owner filed a personal property return in the township where the property is situated. If such a return was filed, the property shall be assessed where it is situated. If such a return was not filed, the assessor of the township where the owner resides shall notify the assessor of the township where the property is situated, and the property shall be assessed where it is situated. This subsection does not apply to a taxpayer who:

(1) is required to file duplicate personal property returns under section 7(c) of this chapter and under regulations promulgated by the department of local government finance with respect to that section; or

(2) is required by the department of local government finance to file a summary of the taxpayer's business tangible personal property returns.

SECTION 7. IC 6-1.1-12-41, AS AMENDED BY P.L.199-2005, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 41. (a) This section does not apply to assessment years beginning after December 31, 2005.

(b) As used in this section, "assessed value of inventory" means the assessed value determined after the application of any deductions or adjustments that apply by statute or rule to the assessment of inventory, other than the deduction allowed under subsection (f).

(c) As used in this section, "county income tax council" means a council established by IC 6-3.5-6-2.

(d) As used in this section, "fiscal body" has the meaning set forth in IC 36-1-2-6.

(e) As used in this section, "inventory" has the meaning set forth in IC 6-1.1-3-11 **(repealed)**.

(f) An ordinance may be adopted in a county to provide that a deduction applies to the assessed value of inventory located in the county. The deduction is equal to one hundred percent (100%) of the assessed value of inventory located in the county for the appropriate year of assessment. An ordinance adopted under this section in a particular year applies:

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(1) if adopted before March 31, 2004, to each subsequent assessment year ending before January 1, 2006; and

(2) if adopted after March 30, 2004, and before June 1, 2005, to the March 1, 2005, assessment date.

An ordinance adopted under this section may be consolidated with an ordinance adopted under IC 6-3.5-7-25 or IC 6-3.5-7-26. The consolidation of an ordinance adopted under this section with an ordinance adopted under IC 6-3.5-7-26 does not cause the ordinance adopted under IC 6-3.5-7-26 to expire after December 31, 2005.

(g) An ordinance may not be adopted under subsection (f) after May 30, 2005. However, an ordinance adopted under this section:

(1) before March 31, 2004, may be amended after March 30, 2004; and

(2) before June 1, 2005, may be amended after May 30, 2005; to consolidate an ordinance adopted under IC 6-3.5-7-26.

(h) The entity that may adopt the ordinance permitted under subsection (f) is:

(1) the county income tax council if the county option income tax is in effect on January 1 of the year in which an ordinance under this section is adopted;

(2) the county fiscal body if the county adjusted gross income tax is in effect on January 1 of the year in which an ordinance under this section is adopted; or

(3) the county income tax council or the county fiscal body, whichever acts first, for a county not covered by subdivision (1) or (2).

To adopt an ordinance under subsection (f), a county income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax. The entity that adopts the ordinance shall provide a certified copy of the ordinance to the department of local government finance before February 1.

(i) A taxpayer is not required to file an application to qualify for the deduction permitted under subsection (f).

(j) The department of local government finance shall incorporate the deduction established in this section in the personal property return form to be used each year for filing under IC 6-1.1-3-7 or IC 6-1.1-3-7.5 to permit the taxpayer to enter the deduction on the form. If a taxpayer fails to enter the deduction on the form, the township assessor shall:

(1) determine the amount of the deduction; and

(2) within the period established in IC 6-1.1-16-1, issue a notice of assessment to the taxpayer that reflects the application of the

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deduction to the inventory assessment.

(k) The deduction established in this section must be applied to any inventory assessment made by:

- (1) an assessing official;
- (2) a county property tax board of appeals; or
- (3) the department of local government finance.

SECTION 8. IC 6-1.1-12-42 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]:

Sec. 42. (a) As used in this section, "assessed value of inventory" means the assessed value determined after the application of any deductions or adjustments that apply by statute or rule to the assessment of inventory, other than the deduction established in subsection (c).

(b) As used in this section, "inventory" has the meaning set forth in IC 6-1.1-3-11 **(repealed)**.

(c) A taxpayer is entitled to a deduction from assessed value equal to one hundred percent (100%) of the taxpayer's assessed value of inventory ~~beginning with~~ **for** assessments made in 2006 for property taxes first due and payable in 2007.

(d) A taxpayer is not required to file an application to qualify for the deduction established by this section.

(e) The department of local government finance shall incorporate the deduction established by this section in the personal property return form to be used each year for filing under IC 6-1.1-3-7 or IC 6-1.1-3-7.5 to permit the taxpayer to enter the deduction on the form. If a taxpayer fails to enter the deduction on the form, the township assessor shall:

- (1) determine the amount of the deduction; and
- (2) within the period established in IC 6-1.1-16-1, issue a notice of assessment to the taxpayer that reflects the application of the deduction to the inventory assessment.

(f) The deduction established by this section must be applied to any inventory assessment made by:

- (1) an assessing official;
- (2) a county property tax assessment board of appeals; or
- (3) the department of local government finance.

SECTION 9. IC 6-1.1-12.1-4.5, AS AMENDED BY P.L.154-2006, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 4.5. ~~(a) For purposes of this section, "personal property" means personal property other than inventory (as defined in IC 6-1.1-3-11(a)).~~

~~(b)~~ **(a)** An applicant must provide a statement of benefits to the

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designating body. The applicant must provide the completed statement of benefits form to the designating body before the hearing specified in section 2.5(c) of this chapter or before the installation of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment for which the person desires to claim a deduction under this chapter. The department of local government finance shall prescribe a form for the statement of benefits. The statement of benefits must include the following information:

(1) A description of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment that the person proposes to acquire.

(2) With respect to:

(A) new manufacturing equipment not used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products; and

(B) new research and development equipment, new logistical distribution equipment, or new information technology equipment;

an estimate of the number of individuals who will be employed or whose employment will be retained by the person as a result of the installation of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment and an estimate of the annual salaries of these individuals.

(3) An estimate of the cost of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment.

(4) With respect to new manufacturing equipment used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, an estimate of the amount of solid waste or hazardous waste that will be converted into energy or other useful products by the new manufacturing equipment.

The statement of benefits may be incorporated in a designation application. Notwithstanding any other law, a statement of benefits is a public record that may be inspected and copied under IC 5-14-3-3.

~~(c)~~ **(b)** The designating body must review the statement of benefits required under subsection ~~(b)~~: **(a)**. The designating body shall determine whether an area should be designated an economic

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1 revitalization area or whether the deduction shall be allowed, based on  
2 (and after it has made) the following findings:

3 (1) Whether the estimate of the cost of the new manufacturing  
4 equipment, new research and development equipment, new  
5 logistical distribution equipment, or new information technology  
6 equipment is reasonable for equipment of that type.

7 (2) With respect to:

8 (A) new manufacturing equipment not used to dispose of solid  
9 waste or hazardous waste by converting the solid waste or  
10 hazardous waste into energy or other useful products; and

11 (B) new research and development equipment, new logistical  
12 distribution equipment, or new information technology  
13 equipment;

14 whether the estimate of the number of individuals who will be  
15 employed or whose employment will be retained can be  
16 reasonably expected to result from the installation of the new  
17 manufacturing equipment, new research and development  
18 equipment, new logistical distribution equipment, or new  
19 information technology equipment.

20 (3) Whether the estimate of the annual salaries of those  
21 individuals who will be employed or whose employment will be  
22 retained can be reasonably expected to result from the proposed  
23 installation of new manufacturing equipment, new research and  
24 development equipment, new logistical distribution equipment, or  
25 new information technology equipment.

26 (4) With respect to new manufacturing equipment used to dispose  
27 of solid waste or hazardous waste by converting the solid waste  
28 or hazardous waste into energy or other useful products, whether  
29 the estimate of the amount of solid waste or hazardous waste that  
30 will be converted into energy or other useful products can be  
31 reasonably expected to result from the installation of the new  
32 manufacturing equipment.

33 (5) Whether any other benefits about which information was  
34 requested are benefits that can be reasonably expected to result  
35 from the proposed installation of new manufacturing equipment,  
36 new research and development equipment, new logistical  
37 distribution equipment, or new information technology  
38 equipment.

39 (6) Whether the totality of benefits is sufficient to justify the  
40 deduction.

41 The designating body may not designate an area an economic  
42 revitalization area or approve the deduction unless it makes the

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findings required by this subsection in the affirmative.

~~(d)~~ **(c)** Except as provided in subsection ~~(h)~~ **(g)**, and subject to subsection ~~(i)~~ **(h)**, an owner of new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment whose statement of benefits is approved after June 30, 2000, is entitled to a deduction from the assessed value of that equipment for the number of years determined by the designating body under subsection ~~(g)~~ **(f)**. Except as provided in subsection ~~(f)~~ **(e)** and in section 2(i)(3) of this chapter, and subject to subsection ~~(i)~~ **(h)**, the amount of the deduction that an owner is entitled to for a particular year equals the product of:

- (1) the assessed value of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment in the year of deduction under the appropriate table set forth in subsection ~~(e)~~ **(d)**; multiplied by
- (2) the percentage prescribed in the appropriate table set forth in subsection ~~(e)~~ **(d)**.

~~(e)~~ **(d)** The percentage to be used in calculating the deduction under subsection ~~(d)~~ **(c)** is as follows:

- (1) For deductions allowed over a one (1) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd and thereafter	0%

- (2) For deductions allowed over a two (2) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	50%
3rd and thereafter	0%

- (3) For deductions allowed over a three (3) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	66%
3rd	33%
4th and thereafter	0%

- (4) For deductions allowed over a four (4) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	75%
3rd	50%
4th	25%
5th and thereafter	0%

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## (5) For deductions allowed over a five (5) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	80%
3rd	60%
4th	40%
5th	20%
6th and thereafter	0%

## (6) For deductions allowed over a six (6) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	85%
3rd	66%
4th	50%
5th	34%
6th	25%
7th and thereafter	0%

## (7) For deductions allowed over a seven (7) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	85%
3rd	71%
4th	57%
5th	43%
6th	29%
7th	14%
8th and thereafter	0%

## (8) For deductions allowed over an eight (8) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	88%
3rd	75%
4th	63%
5th	50%
6th	38%
7th	25%
8th	13%
9th and thereafter	0%

## (9) For deductions allowed over a nine (9) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	88%

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1	3rd	77%
2	4th	66%
3	5th	55%
4	6th	44%
5	7th	33%
6	8th	22%
7	9th	11%
8	10th and thereafter	0%

9 (10) For deductions allowed over a ten (10) year period:

10	YEAR OF DEDUCTION	PERCENTAGE
11	1st	100%
12	2nd	90%
13	3rd	80%
14	4th	70%
15	5th	60%
16	6th	50%
17	7th	40%
18	8th	30%
19	9th	20%
20	10th	10%
21	11th and thereafter	0%

22 ~~(f)~~ (e) With respect to new manufacturing equipment and new  
 23 research and development equipment installed before March 2, 2001,  
 24 the deduction under this section is the amount that causes the net  
 25 assessed value of the property after the application of the deduction  
 26 under this section to equal the net assessed value after the application  
 27 of the deduction under this section that results from computing:

- 28 (1) the deduction under this section as in effect on March 1, 2001;  
 29 and  
 30 (2) the assessed value of the property under 50 IAC 4.2, as in effect  
 31 on March 1, 2001, or, in the case of property subject to IC 6-1.1-8,  
 32 50 IAC 5.1, as in effect on March 1, 2001.

33 ~~(g)~~ (f) For an economic revitalization area designated before July 1,  
 34 2000, the designating body shall determine whether a property owner  
 35 whose statement of benefits is approved after April 30, 1991, is entitled  
 36 to a deduction for five (5) or ten (10) years. For an economic  
 37 revitalization area designated after June 30, 2000, the designating body  
 38 shall determine the number of years the deduction is allowed. However,  
 39 the deduction may not be allowed for more than ten (10) years. This  
 40 determination shall be made:

- 41 (1) as part of the resolution adopted under section 2.5 of this  
 42 chapter; or

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(2) by resolution adopted within sixty (60) days after receiving a copy of a property owner's certified deduction application from the county auditor. A certified copy of the resolution shall be sent to the county auditor.

A determination about the number of years the deduction is allowed that is made under subdivision (1) is final and may not be changed by following the procedure under subdivision (2).

~~(h)~~ (g) The owner of new manufacturing equipment that is directly used to dispose of hazardous waste is not entitled to the deduction provided by this section for a particular assessment year if during that assessment year the owner:

(1) is convicted of a violation under IC 13-7-13-3 (repealed), IC 13-7-13-4 (repealed), or IC 13-30-6; or

(2) is subject to an order or a consent decree with respect to property located in Indiana based on a violation of a federal or state rule, regulation, or statute governing the treatment, storage, or disposal of hazardous wastes that had a major or moderate potential for harm.

~~(i)~~ (h) For purposes of subsection ~~(d)~~, (c), the assessed value of new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment that is part of an owner's assessable depreciable personal property in a single taxing district subject to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 is the product of:

(1) the assessed value of the equipment determined without regard to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9; multiplied by

(2) the quotient of:

(A) the amount of the valuation limitation determined under 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 for all of the owner's depreciable personal property in the taxing district; divided by  
(B) the total true tax value of all of the owner's depreciable personal property in the taxing district that is subject to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 determined:

(i) under the depreciation schedules in the rules of the department of local government finance before any adjustment for abnormal obsolescence; and

(ii) without regard to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9.

SECTION 10. IC 6-1.1-12.1-4.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]:

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1 Sec. 4.7. (a) Section ~~4.5(f)~~ **4.5(e)** of this chapter does not apply to new  
 2 manufacturing equipment located in a township having a population of  
 3 more than four thousand (4,000) but less than seven thousand (7,000)  
 4 located in a county having a population of more than forty thousand  
 5 (40,000) but less than forty thousand nine hundred (40,900) if the total  
 6 original cost of all new manufacturing equipment placed into service  
 7 by the owner during the preceding sixty (60) months exceeds fifty  
 8 million dollars (\$50,000,000), and if the economic revitalization area  
 9 in which the new manufacturing equipment was installed was approved  
 10 by the designating body before September 1, 1994.

11 (b) Section ~~4.5(f)~~ **4.5(e)** of this chapter does not apply to new  
 12 manufacturing equipment located in a county having a population of  
 13 more than thirty-two thousand (32,000) but less than thirty-three  
 14 thousand (33,000) if:

15 (1) the total original cost of all new manufacturing equipment  
 16 placed into service in the county by the owner exceeds five  
 17 hundred million dollars (\$500,000,000); and

18 (2) the economic revitalization area in which the new  
 19 manufacturing equipment was installed was approved by the  
 20 designating body before January 1, 2001.

21 (c) A deduction under section ~~4.5(d)~~ **4.5(c)** of this chapter is not  
 22 allowed with respect to new manufacturing equipment described in  
 23 subsection (b) in the first year the deduction is claimed or in  
 24 subsequent years as permitted by section ~~4.5(d)~~ **4.5(c)** of this chapter  
 25 to the extent the deduction would cause the assessed value of all real  
 26 property and personal property of the owner in the taxing district to be  
 27 less than the incremental net assessed value for that year.

28 (d) The following apply for purposes of subsection (c):

29 (1) A deduction under section ~~4.5(d)~~ **4.5(c)** of this chapter shall be  
 30 disallowed only with respect to new manufacturing equipment  
 31 installed after March 1, 2000.

32 (2) "Incremental net assessed value" means the sum of:

33 (A) the net assessed value of real property and depreciable  
 34 personal property from which property tax revenues are required  
 35 to be held in trust and pledged for the benefit of the owners of  
 36 bonds issued by the redevelopment commission of a county  
 37 described in subsection (b) under resolutions adopted November  
 38 16, 1998, and July 13, 2000 (as amended November 27, 2000);  
 39 plus

40 (B) fifty-four million four hundred eighty-one thousand seven  
 41 hundred seventy dollars (\$54,481,770).

42 (3) The assessed value of real property and personal property of the

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owner shall be determined after the deductions provided by sections 3 and 4.5 of this chapter.

(4) The personal property of the owner shall include inventory.

(5) The amount of deductions provided by section 4.5 of this chapter with respect to new manufacturing equipment that was installed on or before March 1, 2000, shall be increased from thirty-three and one-third percent (33 1/3%) of true tax value to one hundred percent (100%) of true tax value for assessment dates after February 28, 2001.

(e) A deduction not fully allowed under subsection (c) in the first year the deduction is claimed or in a subsequent year permitted by section 4.5 of this chapter shall be carried over and allowed as a deduction in succeeding years. A deduction that is carried over to a year but is not allowed in that year under this subsection shall be carried over and allowed as a deduction in succeeding years. The following apply for purposes of this subsection:

(1) A deduction that is carried over to a succeeding year is not allowed in that year to the extent that the deduction, together with:

(A) deductions otherwise allowed under section 3 of this chapter;

(B) deductions otherwise allowed under section 4.5 of this chapter; and

(C) other deductions carried over to the year under this subsection;

would cause the assessed value of all real property and personal property of the owner in the taxing district to be less than the incremental net assessed value for that year.

(2) Each time a deduction is carried over to a succeeding year, the deduction shall be reduced by the amount of the deduction that was allowed in the immediately preceding year.

(3) A deduction may not be carried over to a succeeding year under this subsection if such year is after the period specified in section ~~4.5(d)~~ 4.5(c) of this chapter or the period specified in a resolution adopted by the designating body under section ~~4.5(h)~~ 4.5(g) of this chapter.

SECTION 11. IC 6-1.1-12.1-5.4, AS AMENDED BY P.L.193-2005, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 5.4. (a) A person that desires to obtain the deduction provided by section 4.5 of this chapter must file a certified deduction schedule with the person's personal property return on a form prescribed by the department of local government finance with the township assessor of the township in

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1 which the new manufacturing equipment, new research and  
 2 development equipment, new logistical distribution equipment, or new  
 3 information technology equipment is located. Except as provided in  
 4 subsection (e), the deduction is applied in the amount claimed in a  
 5 certified schedule that a person files with:

6 (1) a timely personal property return under IC 6-1.1-3-7(a) or  
 7 IC 6-1.1-3-7(b); or

8 (2) a timely amended personal property return under  
 9 IC 6-1.1-3-7.5.

10 The township assessor shall forward to the county auditor and the  
 11 county assessor a copy of each certified deduction schedule filed under  
 12 this subsection.

13 (b) The deduction schedule required by this section must contain the  
 14 following information:

15 (1) The name of the owner of the new manufacturing equipment,  
 16 new research and development equipment, new logistical  
 17 distribution equipment, or new information technology equipment.

18 (2) A description of the new manufacturing equipment, new  
 19 research and development equipment, new logistical distribution  
 20 equipment, or new information technology equipment.

21 (3) The amount of the deduction claimed for the first year of the  
 22 deduction.

23 (c) This subsection applies to a deduction schedule with respect to  
 24 new manufacturing equipment, new research and development  
 25 equipment, new logistical distribution equipment, or new information  
 26 technology equipment for which a statement of benefits was initially  
 27 approved after April 30, 1991. If a determination about the number of  
 28 years the deduction is allowed has not been made in the resolution  
 29 adopted under section 2.5 of this chapter, the county auditor shall send  
 30 a copy of the deduction schedule to the designating body, and the  
 31 designating body shall adopt a resolution under section ~~4.5(g)(2)~~  
 32 **4.5(f)(2)** of this chapter.

33 (d) A deduction schedule must be filed under this section in the year  
 34 in which the new manufacturing equipment, new research and  
 35 development equipment, new logistical distribution equipment, or new  
 36 information technology equipment is installed and in each of the  
 37 immediately succeeding years the deduction is allowed.

38 (e) The township assessor or the county assessor may:

39 (1) review the deduction schedule; and

40 (2) before the March 1 that next succeeds the assessment date for  
 41 which the deduction is claimed, deny or alter the amount of the  
 42 deduction.

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If the township assessor or the county assessor does not deny the deduction, the county auditor shall apply the deduction in the amount claimed in the deduction schedule or in the amount as altered by the township assessor or the county assessor. A township assessor or a county assessor who denies a deduction under this subsection or alters the amount of the deduction shall notify the person that claimed the deduction and the county auditor of the assessor's action. The county auditor shall notify the designating body and the county property tax assessment board of appeals of all deductions applied under this section.

(f) If the ownership of new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment changes, the deduction provided under section 4.5 of this chapter continues to apply to that equipment if the new owner:

- (1) continues to use the equipment in compliance with any standards established under section 2(g) of this chapter; and
- (2) files the deduction schedules required by this section.

(g) The amount of the deduction is the percentage under section 4.5 of this chapter that would have applied if the ownership of the property had not changed multiplied by the assessed value of the equipment for the year the deduction is claimed by the new owner.

(h) A person may appeal a determination of the township assessor or the county assessor under subsection (e) to deny or alter the amount of the deduction by requesting in writing a preliminary conference with the township assessor or the county assessor not more than forty-five (45) days after the township assessor or the county assessor gives the person notice of the determination. Except as provided in subsection (i), an appeal initiated under this subsection is processed and determined in the same manner that an appeal is processed and determined under IC 6-1.1-15.

(i) The county assessor is recused from any action the county property tax assessment board of appeals takes with respect to an appeal under subsection (h) of a determination by the county assessor.

SECTION 12. IC 6-1.1-12.4-3, AS AMENDED BY P.L.154-2006, SECTION 37, AND AS AMENDED BY P.L.169-2006, SECTION 7, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 3. (a) For purposes of this section, an increase in the assessed value of personal property is determined in the same manner that an increase in the assessed value of new manufacturing equipment is determined for purposes of IC 6-1.1-12.1.

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(b) This subsection applies only to personal property that the owner purchases after March 1, 2005, and before March 2, 2009. Except as provided in sections 4, 5, and 8 of this chapter, an owner that purchases personal property ~~other than inventory (as defined in 50 IAC 4.2-5-1, as in effect on January 1, 2005)~~ that:

(1) was never before used by its owner for any purpose in Indiana; and

(2) creates or retains employment; is entitled to a deduction from the assessed value of the personal property.

(c) The deduction under this section is first available in the year in which the increase in assessed value resulting from the purchase of the personal property occurs and continues for the following two (2) years. The amount of the deduction that a property owner may receive with respect to personal property located in a county for a particular year equals the lesser of:

(1) two million dollars (\$2,000,000); or

(2) the product of:

(A) the increase in assessed value resulting from the purchase of the personal property; multiplied by

(B) the percentage from the following table:

YEAR OF DEDUCTION	PERCENTAGE
1st	75%
2nd	50%
3rd	25%

(d) If an appeal of an assessment is approved that results in a reduction of the assessed value of the personal property, the amount of the deduction is adjusted to reflect the percentage decrease that results from the appeal.

(e) A property owner must claim the deduction under this section on the owner's annual personal property tax return. The township assessor shall:

(1) identify the personal property eligible for the deduction to the county auditor; and

(2) inform the county auditor of the deduction amount.

(f) The county auditor shall:

(1) make the deductions; and

(2) notify the county property tax assessment board of appeals of all deductions approved; under this section.

(g) The deduction under this section does not apply to *personal property* at a facility listed in IC 6-1.1-12.1-3(e).

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SECTION 13. IC 6-1.1-14-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]:

Sec. 9. (a) If a hearing is required under section 4 or section 8 of this chapter, the department of local government finance shall give notice to the taxpayers of each county for which the department is to consider an increase in the assessments. The notice shall state the time, place, and object of the public hearing on the assessments. The department of local government finance shall give the notice in the manner prescribed in subsection (c).

(b) If an equalization order is issued under section 5 of this chapter, the department of local government finance shall give notice of the order to the taxpayers of each county to which the order is directed. The department of local government finance shall give the notice in the manner provided in subsection (c). The notice required by this subsection is in lieu of the notices required by ~~IC 6-1.1-3-13~~ **IC 6-1.1-3-20** or IC 6-1.1-4-22.

(c) A notice required by this section shall be published once in:

(1) two (2) newspapers of general circulation published in the county; or

(2) one (1) newspaper of general circulation published in the county if two (2) newspapers of general circulation are not published in the county.

If there are no newspapers of general circulation published in the county, the notice shall be given by posting a statement of the time, place, and object of the hearing in the county courthouse at the usual place for posting public notices. The published or posted notice of a hearing shall be given at least ten (10) days before the time fixed for the hearing.

SECTION 14. IC 6-1.1-18.5-9.9, AS AMENDED BY P.L.2-2006, SECTION 45, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 9.9. (a) The department of local government finance shall adjust the maximum property tax rate levied under the statutes listed in section 9.8(a) of this chapter, IC 20-46-3-6, or IC 20-46-6-5 in each county for property taxes first due and payable in:

(1) 2004;

(2) the year the county first applies the deduction under IC 6-1.1-12-41, if the county first applies that deduction for property taxes first due and payable in 2005 or 2006; and

(3) 2007, if the county does not apply the deduction under IC 6-1.1-12-41 for any year.

(b) If the county does not apply the deduction under IC 6-1.1-12-41

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for property taxes first due and payable in 2004, the department shall compute the adjustment under subsection (a)(1) to allow a levy for the fund for which the property tax rate is levied that equals the levy that would have applied for the fund if exemptions under IC 6-1.1-10-29(b)(2) (**repealed**) did not apply for the 2003 assessment date.

(c) If the county applies the deduction under IC 6-1.1-12-41 for property taxes first due and payable in 2004, the department shall compute the adjustment under subsection (a)(1) to allow a levy for the fund for which the property tax rate is levied that equals the levy that would have applied for the fund if:

(1) exemptions under IC 6-1.1-10-29(b)(2) (**repealed**); and

(2) deductions under IC 6-1.1-12-41;

did not apply for the 2003 assessment date.

(d) The department shall compute the adjustment under subsection (a)(2) to allow a levy for the fund for which the property tax rate is levied that equals the levy that would have applied for the fund if deductions under IC 6-1.1-12-41 did not apply for the assessment date of the year that immediately precedes the year for which the adjustment is made.

(e) The department shall compute the adjustment under subsection (a)(3) to allow a levy for the fund for which the property tax rate is levied that equals the levy that would have applied for the fund if deductions under IC 6-1.1-12-42 did not apply for the 2006 assessment date.

SECTION 15. IC 6-1.1-18.5-13, AS AMENDED BY P.L.154-2006, SECTION 47, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 13. With respect to an appeal filed under section 12 of this chapter, the local government tax control board may recommend that a civil taxing unit receive any one (1) or more of the following types of relief:

(1) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if in the judgment of the local government tax control board the increase is reasonably necessary due to increased costs of the civil taxing unit resulting from annexation, consolidation, or other extensions of governmental services by the civil taxing unit to additional geographic areas or persons.

(2) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the civil taxing unit needs the increase to meet the civil taxing unit's share of the costs

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of operating a court established by statute enacted after December 31, 1973. Before recommending such an increase, the local government tax control board shall consider all other revenues available to the civil taxing unit that could be applied for that purpose. The maximum aggregate levy increases that the local government tax control board may recommend for a particular court equals the civil taxing unit's estimate of the unit's share of the costs of operating a court for the first full calendar year in which it is in existence. For purposes of this subdivision, costs of operating a court include:

(A) the cost of personal services (including fringe benefits);

(B) the cost of supplies; and

(C) any other cost directly related to the operation of the court.

(3) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the quotient determined under STEP SIX of the following formula is equal to or greater than one and two-hundredths (1.02):

STEP ONE: Determine the three (3) calendar years that most immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP TWO: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the civil taxing unit's total assessed value of all taxable property and:

**(i) for a particular calendar year before 2007, the total assessed value of property tax deductions in the unit under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the particular calendar year; or**

**(ii) for a particular calendar year after 2006, the total assessed value of property tax deductions that applied in the unit under IC 6-1.1-12-42 in 2006;**

divided by the sum of the civil taxing unit's total assessed value of all taxable property and the total assessed value of property tax deductions in the unit under IC 6-1.1-12-41 or IC 6-1.1-12-42 in determined under this STEP for the calendar year immediately preceding the particular calendar year.

STEP THREE: Divide the sum of the three (3) quotients computed in STEP TWO by three (3).

STEP FOUR: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest

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ten-thousandth (0.0001)) of the sum of the total assessed value of all taxable property in all counties and:

(i) **for a particular calendar year before 2007**, the total assessed value of property tax deductions in all counties under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the particular calendar year; **or**

(ii) **for a particular calendar year after 2006, the total assessed value of property tax deductions that applied in all counties under IC 6-1.1-12-42 in 2006;**

divided by the sum of the total assessed value of all taxable property in all counties and the total assessed value of property tax deductions in all counties under IC 6-1.1-12-41 or IC 6-1.1-12-42 in determined under this STEP for the calendar year immediately preceding the particular calendar year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Divide the STEP THREE amount by the STEP FIVE amount.

The civil taxing unit may increase its levy by a percentage not greater than the percentage by which the STEP THREE amount exceeds the percentage by which the civil taxing unit may increase its levy under section 3 of this chapter based on the assessed value growth quotient determined under section 2 of this chapter.

(4) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the civil taxing unit needs the increase to pay the costs of furnishing fire protection for the civil taxing unit through a volunteer fire department. For purposes of determining a township's need for an increased levy, the local government tax control board shall not consider the amount of money borrowed under IC 36-6-6-14 during the immediately preceding calendar year. However, any increase in the amount of the civil taxing unit's levy recommended by the local government tax control board under this subdivision for the ensuing calendar year may not exceed the lesser of:

(A) ten thousand dollars (\$10,000); or

(B) twenty percent (20%) of:

(i) the amount authorized for operating expenses of a volunteer fire department in the budget of the civil taxing unit for the immediately preceding calendar year; plus

(ii) the amount of any additional appropriations authorized during that calendar year for the civil taxing unit's use in

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1           paying operating expenses of a volunteer fire department  
 2           under this chapter; minus  
 3           (iii) the amount of money borrowed under IC 36-6-6-14 during  
 4           that calendar year for the civil taxing unit's use in paying  
 5           operating expenses of a volunteer fire department.

6           (5) Permission to a civil taxing unit to increase its levy in excess of  
 7           the limitations established under section 3 of this chapter in order  
 8           to raise revenues for pension payments and contributions the civil  
 9           taxing unit is required to make under IC 36-8. The maximum  
 10          increase in a civil taxing unit's levy that may be recommended  
 11          under this subdivision for an ensuing calendar year equals the  
 12          amount, if any, by which the pension payments and contributions  
 13          the civil taxing unit is required to make under IC 36-8 during the  
 14          ensuing calendar year exceeds the product of one and one-tenth  
 15          (1.1) multiplied by the pension payments and contributions made  
 16          by the civil taxing unit under IC 36-8 during the calendar year that  
 17          immediately precedes the ensuing calendar year. For purposes of  
 18          this subdivision, "pension payments and contributions made by a  
 19          civil taxing unit" does not include that part of the payments or  
 20          contributions that are funded by distributions made to a civil taxing  
 21          unit by the state.

22          (6) Permission to increase its levy in excess of the limitations  
 23          established under section 3 of this chapter if the local government  
 24          tax control board finds that:

25           (A) the township's township assistance ad valorem property tax  
 26           rate is less than one and sixty-seven hundredths cents (\$0.0167)  
 27           per one hundred dollars (\$100) of assessed valuation; and

28           (B) the township needs the increase to meet the costs of  
 29           providing township assistance under IC 12-20 and IC 12-30-4.

30          The maximum increase that the board may recommend for a  
 31          township is the levy that would result from an increase in the  
 32          township's township assistance ad valorem property tax rate of one  
 33          and sixty-seven hundredths cents (\$0.0167) per one hundred  
 34          dollars (\$100) of assessed valuation minus the township's ad  
 35          valorem property tax rate per one hundred dollars (\$100) of  
 36          assessed valuation before the increase.

37          (7) Permission to a civil taxing unit to increase its levy in excess of  
 38          the limitations established under section 3 of this chapter if:

39           (A) the increase has been approved by the legislative body of the  
 40           municipality with the largest population where the civil taxing  
 41           unit provides public transportation services; and

42           (B) the local government tax control board finds that the civil

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taxing unit needs the increase to provide adequate public transportation services.

The local government tax control board shall consider tax rates and levies in civil taxing units of comparable population, and the effect (if any) of a loss of federal or other funds to the civil taxing unit that might have been used for public transportation purposes. However, the increase that the board may recommend under this subdivision for a civil taxing unit may not exceed the revenue that would be raised by the civil taxing unit based on a property tax rate of one cent (\$0.01) per one hundred dollars (\$100) of assessed valuation.

(8) Permission to a civil taxing unit to increase the unit's levy in excess of the limitations established under section 3 of this chapter if the local government tax control board finds that:

(A) the civil taxing unit is:

(i) a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000);

(ii) a city having a population of more than fifty-five thousand (55,000) but less than fifty-nine thousand (59,000);

(iii) a city having a population of more than twenty-eight thousand seven hundred (28,700) but less than twenty-nine thousand (29,000);

(iv) a city having a population of more than fifteen thousand four hundred (15,400) but less than sixteen thousand six hundred (16,600); or

(v) a city having a population of more than seven thousand (7,000) but less than seven thousand three hundred (7,300); and

(B) the increase is necessary to provide funding to undertake removal (as defined in IC 13-11-2-187) and remedial action (as defined in IC 13-11-2-185) relating to hazardous substances (as defined in IC 13-11-2-98) in solid waste disposal facilities or industrial sites in the civil taxing unit that have become a menace to the public health and welfare.

The maximum increase that the local government tax control board may recommend for such a civil taxing unit is the levy that would result from a property tax rate of six and sixty-seven hundredths cents (\$0.0667) for each one hundred dollars (\$100) of assessed valuation. For purposes of computing the ad valorem property tax levy limit imposed on a civil taxing unit under section 3 of this chapter, the civil taxing unit's ad valorem property tax levy for a

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particular year does not include that part of the levy imposed under this subdivision. In addition, a property tax increase permitted under this subdivision may be imposed for only two (2) calendar years.

(9) Permission for a county:

(A) having a population of more than eighty thousand (80,000) but less than ninety thousand (90,000) to increase the county's levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the county needs the increase to meet the county's share of the costs of operating a jail or juvenile detention center, including expansion of the facility, if the jail or juvenile detention center is opened after December 31, 1991;

(B) that operates a county jail or juvenile detention center that is subject to an order that:

(i) was issued by a federal district court; and

(ii) has not been terminated;

(C) that operates a county jail that fails to meet:

(i) American Correctional Association Jail Construction Standards; and

(ii) Indiana jail operation standards adopted by the department of correction; or

(D) that operates a juvenile detention center that fails to meet standards equivalent to the standards described in clause (C) for the operation of juvenile detention centers.

Before recommending an increase, the local government tax control board shall consider all other revenues available to the county that could be applied for that purpose. An appeal for operating funds for a jail or a juvenile detention center shall be considered individually, if a jail and juvenile detention center are both opened in one (1) county. The maximum aggregate levy increases that the local government tax control board may recommend for a county equals the county's share of the costs of operating the jail or a juvenile detention center for the first full calendar year in which the jail or juvenile detention center is in operation.

(10) Permission for a township to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the township needs the increase so that the property tax rate to pay the costs of furnishing fire protection for a township, or a portion of a township, enables the township to pay a fair and reasonable amount under a contract

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1 with the municipality that is furnishing the fire protection.  
 2 However, for the first time an appeal is granted the resulting rate  
 3 increase may not exceed fifty percent (50%) of the difference  
 4 between the rate imposed for fire protection within the  
 5 municipality that is providing the fire protection to the township  
 6 and the township's rate. A township is required to appeal a second  
 7 time for an increase under this subdivision if the township wants  
 8 to further increase its rate. However, a township's rate may be  
 9 increased to equal but may not exceed the rate that is used by the  
 10 municipality. More than one (1) township served by the same  
 11 municipality may use this appeal.

12 (11) Permission for a township to increase its levy in excess of the  
 13 limitations established under section 3 of this chapter, if the local  
 14 government tax control board finds that the township has been  
 15 required, for the three (3) consecutive years preceding the year for  
 16 which the appeal under this subdivision is to become effective, to  
 17 borrow funds under IC 36-6-6-14 to furnish fire protection for the  
 18 township or a part of the township. However, the maximum  
 19 increase in a township's levy that may be allowed under this  
 20 subdivision is the least of the amounts borrowed under  
 21 IC 36-6-6-14 during the preceding three (3) calendar years. A  
 22 township may elect to phase in an approved increase in its levy  
 23 under this subdivision over a period not to exceed three (3) years.  
 24 A particular township may appeal to increase its levy under this  
 25 section not more frequently than every fourth calendar year.

26 (12) Permission to a city having a population of more than  
 27 twenty-nine thousand (29,000) but less than thirty-one thousand  
 28 (31,000) to increase its levy in excess of the limitations established  
 29 under section 3 of this chapter if:

30 (A) an appeal was granted to the city under this section to  
 31 reallocate property tax replacement credits under IC 6-3.5-1.1 in  
 32 1998, 1999, and 2000; and

33 (B) the increase has been approved by the legislative body of the  
 34 city, and the legislative body of the city has by resolution  
 35 determined that the increase is necessary to pay normal operating  
 36 expenses.

37 The maximum amount of the increase is equal to the amount of  
 38 property tax replacement credits under IC 6-3.5-1.1 that the city  
 39 petitioned under this section to have reallocated in 2001 for a  
 40 purpose other than property tax relief.

41 SECTION 16. IC 6-1.1-40-9 IS AMENDED TO READ AS  
 42 FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]:

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1 Sec. 9. (a) Before a person acquires new manufacturing equipment for  
 2 which the person wishes to claim a deduction under this chapter, the  
 3 person must submit to the commission a statement of benefits, in a  
 4 form prescribed by the department of local government finance. The  
 5 statement of benefits must include the following information:

6 (1) A description of the new manufacturing equipment ~~and~~  
 7 ~~inventory~~ that the person proposes to acquire.

8 (2) An estimate of the number of individuals that will be employed  
 9 or whose employment will be retained by the person as a result of  
 10 the installation of the new manufacturing equipment ~~and~~  
 11 ~~acquisition of inventory~~ and an estimate of the annual salaries of  
 12 these individuals.

13 (3) An estimate of the cost of the new manufacturing equipment.  
 14 ~~and inventory.~~

15 (b) The statement of benefits may contain any other information  
 16 required by the commission. If the person is requesting or will be  
 17 requesting the designation of a district, the statement of benefits must  
 18 be submitted at the same time as the request for designation is  
 19 submitted.

20 (c) The commission shall review the statement of benefits if  
 21 required under subsection (b). The commission shall make findings  
 22 determining whether the estimate of:

23 (1) the number of individuals ~~that~~ **who** will be employed or whose  
 24 employment will be retained;

25 (2) the annual salaries of those individuals;

26 (3) the value of the new manufacturing equipment; ~~and inventory;~~  
 27 ~~and~~

28 (4) any other benefits about which the commission requires  
 29 information;

30 are benefits that can be reasonably expected to result from the  
 31 installation of the new manufacturing equipment. ~~and acquisition of~~  
 32 ~~inventory.~~

33 SECTION 17. IC 6-1.1-40-10, AS AMENDED BY P.L.154-2006,  
 34 SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 35 JANUARY 1, 2007 (RETROACTIVE)]: Sec. 10. (a) Subject to  
 36 subsection ~~(e); (d)~~, an owner of new manufacturing equipment ~~or~~  
 37 ~~inventory, or both~~, whose statement of benefits is approved is entitled  
 38 to a deduction from the assessed value of that equipment ~~and inventory~~  
 39 for a period of ten (10) years. Except as provided in subsections ~~(b)~~  
 40 ~~and (c), and (d)~~; and subject to subsection ~~(e); (d)~~, for the first five (5)  
 41 years, the amount of the deduction for new manufacturing equipment  
 42 that an owner is entitled to for a particular year equals the assessed

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value of the new manufacturing equipment. Subject to subsection ~~(c)~~,  
(d), for the sixth through the tenth year, the amount of the deduction  
equals the product of:

- (1) the assessed value of the new manufacturing equipment;  
multiplied by
- (2) the percentage prescribed in the following table:

YEAR OF DEDUCTION	PERCENTAGE
6th	100%
7th	95%
8th	80%
9th	65%
10th	50%
11th and thereafter	0%

~~(b)~~ For the first year the amount of the deduction for inventory  
equals the assessed value of the inventory. For the next nine ~~(9)~~ years;  
the amount of the deduction equals:

- ~~(1)~~ the assessed value of the inventory for that year; multiplied by
- ~~(2)~~ the owner's export sales ratio for the previous year, as certified  
by the department of state revenue under IC 6-3-2-13.

~~(c)~~ (b) A deduction under this section is not allowed in the first year  
the deduction is claimed for new manufacturing equipment to the  
extent that it would cause the assessed value of all of the personal  
property of the owner in the taxing district in which the equipment is  
located to be less than the assessed value of all of the personal property  
of the owner in that taxing district in the immediately preceding year.

~~(d)~~ (c) If a deduction is not fully allowed under subsection ~~(c)~~ (b) in  
the first year the deduction is claimed, then the percentages specified  
in subsection (a) apply in the subsequent years to the amount of  
deduction that was allowed in the first year.

~~(e)~~ (d) For purposes of subsection (a), the assessed value of new  
manufacturing equipment that is part of an owner's assessable  
depreciable personal property in a single taxing district subject to the  
valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 is the product  
of:

- (1) the assessed value of the equipment determined without regard  
to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9;  
multiplied by
- (2) the quotient of:
  - (A) the amount of the valuation limitation determined under  
50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 for all of the owner's  
depreciable personal property in the taxing district; divided by
  - (B) the total true tax value of all of the owner's depreciable

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personal property in the taxing district that is subject to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 determined:

(i) under the depreciation schedules in the rules of the department of local government finance before any adjustment for abnormal obsolescence; and

(ii) without regard to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9.

SECTION 18. IC 6-1.1-40-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]:

Sec. 11. (a) A person that desires to obtain the deduction provided by section 10 of this chapter must file a certified deduction application, on forms prescribed by the department of local government finance, with:

(1) the auditor of the county in which the new manufacturing equipment ~~and inventory~~ is located; and

(2) the department of local government finance.

A person that timely files a personal property return under IC 6-1.1-3-7(a) for the year in which the new manufacturing equipment is installed ~~or the inventory is subject to assessment~~ must file the application between March 1 and May 15 of that year.

(b) The application required by this section must contain the following information:

(1) The name of the owner of the new manufacturing equipment. ~~and inventory.~~

(2) A description of the new manufacturing equipment. ~~and inventory.~~

(3) Proof of the date the new manufacturing equipment was installed.

(4) The amount of the deduction claimed for the first year of the deduction.

(c) A deduction application must be filed under this section in the year in which the new manufacturing equipment is installed ~~or the inventory is subject to assessment~~ and in each of the immediately succeeding nine (9) years.

(d) The department of local government finance shall review and verify the correctness of each application and shall notify the county auditor of the county in which the property is located that the application is approved or denied or that the amount of the deduction is altered. Upon notification of approval of the application or of alteration of the amount of the deduction, the county auditor shall make the deduction.

(e) If the ownership of new manufacturing equipment changes, the

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deduction provided under section 10 of this chapter continues to apply to that equipment if the new owner:

- (1) continues to use the equipment in compliance with any standards established under section 7(c) of this chapter; and
- (2) files the applications required by this section.

(f) The amount of the deduction is:

- (1) the percentage under section 10 of this chapter that would have applied if the ownership of the property had not changed; multiplied by
- (2) the assessed value of the equipment for the year the deduction is claimed by the new owner.

SECTION 19. IC 6-1.1-42-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]:

Sec. 17. (a) A person may apply for an assessed valuation deduction for:

- (1) real property; and
- (2) personal property; ~~other than inventory; (as defined in IC 6-1.1-3-11);~~

located in an area designated as a brownfield revitalization zone.

(b) An application for a deduction for an improvement to a brownfield revitalization zone or personal property located in a brownfield revitalization area must:

- (1) be submitted to the designating body before the date that the improvement is initiated or, if the deduction is for personal property, the property is brought into the area;
- (2) contain sufficient information for the designating body to approve the deduction; and
- (3) be submitted in the form prescribed by the department of local government finance.

SECTION 20. IC 6-3.1-11-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]:

Sec. 19. The board shall consider the following factors in evaluating applications filed under this chapter:

- (1) The level of distress in the surrounding community caused by the loss of jobs at the vacant industrial facility.
- (2) The desirability of the intended use of the vacant industrial facility under the plan proposed by the municipality or county and the likelihood that the implementation of the plan will improve the economic and employment conditions in the surrounding community.
- (3) Evidence of support for the designation by residents, businesses, and private organizations in the surrounding

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community.

(4) Evidence of a commitment by private or governmental entities to provide financial assistance in implementing the plan proposed by the municipality or county, including the application of IC 36-7-12, IC 36-7-13, IC 36-7-14, or IC 36-7-15.1 to assist in the financing of improvements or redevelopment activities benefiting the vacant industrial facility.

(5) Evidence of efforts by the municipality or county to implement the proposed plan without additional financial assistance from the state.

(6) Whether the industrial recovery site is within an economic revitalization area designated under IC 6-1.1-12.1.

~~(7) Whether action has been taken by the metropolitan development commission or the legislative body of the municipality or county having jurisdiction over the proposed industrial recovery site to make the property tax credit under IC 6-1.1-20.7 available to persons owning inventory located within the industrial recovery site and meeting the other conditions established by IC 6-1.1-20.7.~~

SECTION 21. IC 6-3.5-7-5, AS AMENDED BY P.L.162-2006, SECTION 33, AND AS AMENDED BY P.L.184-2006, SECTION 8, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 5. (a) Except as provided in subsection (c), the county economic development income tax may be imposed on the adjusted gross income of county taxpayers. The entity that may impose the tax is:

(1) the county income tax council (as defined in IC 6-3.5-6-1) if the county option income tax is in effect on January 1 of the year the county economic development income tax is imposed;

(2) the county council if the county adjusted gross income tax is in effect on January 1 of the year the county economic development tax is imposed; or

(3) the county income tax council or the county council, whichever acts first, for a county not covered by subdivision (1) or (2).

To impose the county economic development income tax, a county income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax.

(b) Except as provided in subsections (c), (g), (k), (p), and (r) the county economic development income tax may be imposed at a rate of:

(1) one-tenth percent (0.1%);

(2) two-tenths percent (0.2%);

(3) twenty-five hundredths percent (0.25%);

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- (4) three-tenths percent (0.3%);
- (5) thirty-five hundredths percent (0.35%);
- (6) four-tenths percent (0.4%);
- (7) forty-five hundredths percent (0.45%); or
- (8) five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.

(c) Except as provided in subsection (h), (i), (j), (k), (l), (m), (n), (o), (p), ~~or~~ (s), or (v), the county economic development income tax rate plus the county adjusted gross income tax rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%). Except as provided in subsection (g), (p), (r), (t), or (u), the county economic development tax rate plus the county option income tax rate, if any, that are in effect on January 1 of a year may not exceed one percent (1%).

(d) To impose, increase, decrease, or rescind the county economic development income tax, the appropriate body must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance to impose the tax must substantially state the following:

"The \_\_\_\_\_ County \_\_\_\_\_ imposes the county economic development income tax on the county taxpayers of \_\_\_\_\_ County. The county economic development income tax is imposed at a rate of \_\_\_\_\_ percent (\_\_\_\_%) on the county taxpayers of the county. This tax takes effect July 1 of this year."

(e) Any ordinance adopted under this chapter takes effect July 1 of the year the ordinance is adopted.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this chapter and shall, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department by certified mail.

(g) This subsection applies to a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000). Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:

(1) county economic development income tax may be imposed at a rate of:

- (A) fifteen-hundredths percent (0.15%);
- (B) two-tenths percent (0.2%); or
- (C) twenty-five hundredths percent (0.25%); and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%); if the county income tax council makes a determination to impose rates

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under this subsection and section 22 of this chapter.

(h) For a county having a population of more than forty-one thousand (41,000) but less than forty-three thousand (43,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and thirty-five hundredths percent (1.35%) if the county has imposed the county adjusted gross income tax at a rate of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

(i) For a county having a population of more than thirteen thousand five hundred (13,500) but less than fourteen thousand (14,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and fifty-five hundredths percent (1.55%).

(j) For a county having a population of more than seventy-one thousand (71,000) but less than seventy-one thousand four hundred (71,400), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(k) This subsection applies to a county having a population of more than twenty-seven thousand four hundred (27,400) but less than twenty-seven thousand five hundred (27,500). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%);

if the county council makes a determination to impose rates under this subsection and section 22.5 of this chapter.

(l) For a county having a population of more than twenty-nine thousand (29,000) but less than thirty thousand (30,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(m) For:

(1) a county having a population of more than one hundred eighty-two thousand seven hundred ninety (182,790) but less than

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two hundred thousand (200,000); or  
 (2) a county having a population of more than forty-five thousand (45,000) but less than forty-five thousand nine hundred (45,900); except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(n) For a county having a population of more than six thousand (6,000) but less than eight thousand (8,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(o) This subsection applies to a county having a population of more than thirty-nine thousand (39,000) but less than thirty-nine thousand six hundred (39,600). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and:

(A) the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%); or

(B) the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 24 of this chapter.

(p) In addition:

(1) the county economic development income tax may be imposed at a rate that exceeds by not more than twenty-five hundredths percent (0.25%) the maximum rate that would otherwise apply under this section; and

(2) the:

(A) county economic development income tax; and

(B) county option income tax or county adjusted gross income tax;

may be imposed at combined rates that exceed by not more than twenty-five hundredths percent (0.25%) the maximum combined rates that would otherwise apply under this section.

However, the additional rate imposed under this subsection may not exceed the amount necessary to mitigate the increased ad valorem

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property taxes on homesteads (as defined in IC 6-1.1-20.9-1) *or residential property (as defined in section 26 of this chapter), as appropriate under the ordinance adopted by the adopting body in the county*, resulting from the deduction of the assessed value of inventory in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42 **or from the exclusion in 2007 of inventory from the definition of personal property in IC 6-1.1-1-11.**

(q) If the county economic development income tax is imposed as authorized under subsection (p) at a rate that exceeds the maximum rate that would otherwise apply under this section, the certified distribution must be used for the purpose provided in section 25(e) or 26 of this chapter to the extent that the certified distribution results from the difference between:

- (1) the actual county economic development tax rate; and
- (2) the maximum rate that would otherwise apply under this section.

(r) This subsection applies only to a county described in section 27 of this chapter. Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:

- (1) county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and
- (2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 27 of this chapter.

(s) Except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%) if the county has imposed the county adjusted gross income tax under IC 6-3.5-1.1-3.3.

(t) This subsection applies to Howard County. Except as provided in subsection (p), the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(u) This subsection applies to Scott County. Except as provided in subsection (p), the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(v) *This subsection applies to Jasper County. Except as provided in*

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1 *subsection (p), the sum of the county economic development income tax*  
 2 *rate and the county adjusted gross income tax rate that are in effect on*  
 3 *January 1 of a year may not exceed one and five-tenths percent (1.5%).*

4 SECTION 22. IC 6-3.5-7-26, AS AMENDED BY P.L.162-2006,  
 5 SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 6 JANUARY 1, 2007 (RETROACTIVE)]: Sec. 26. (a) This section  
 7 applies only to homestead and property tax replacement credits for  
 8 property taxes first due and payable after calendar year 2006.

9 (b) The following definitions apply throughout this section:

10 (1) "Adopt" includes amend.

11 (2) "Adopting entity" means:

12 (A) the entity that adopts an ordinance under IC 6-1.1-12-41(f);  
 13 or

14 (B) any other entity that may impose a county economic  
 15 development income tax under section 5 of this chapter.

16 (3) "Homestead" refers to tangible property that is eligible for a  
 17 homestead credit under IC 6-1.1-20.9.

18 (4) "Residential" refers to the following:

19 (A) Real property, a mobile home, and industrialized housing  
 20 that would qualify as a homestead if the taxpayer had filed for a  
 21 homestead credit under IC 6-1.1-20.9.

22 (B) Real property not described in clause (A) designed to  
 23 provide units that are regularly used to rent or otherwise furnish  
 24 residential accommodations for periods of thirty (30) days or  
 25 more, regardless of whether the tangible property is subject to  
 26 assessment under rules of the department of local government  
 27 finance that apply to:

28 (i) residential property; or

29 (ii) commercial property.

30 (c) An adopting entity may adopt an ordinance to provide for the use  
 31 of the certified distribution described in section 16(c) of this chapter for  
 32 the purpose provided in subsection (e). An adopting entity that adopts  
 33 an ordinance under this subsection shall use the procedures set forth in  
 34 IC 6-3.5-6 concerning the adoption of an ordinance for the imposition  
 35 of the county option income tax. An ordinance must be adopted under  
 36 this subsection after January 1, 2006, and before June 1, 2006, or, in a  
 37 year following 2006, after January 1 but before April 1 of a calendar  
 38 year. The ordinance may provide for an additional rate under section  
 39 5(p) of this chapter. An ordinance adopted under this subsection:

40 (1) first applies to the certified distribution described in section  
 41 16(c) of this chapter made in the later of the calendar year that  
 42 immediately succeeds the calendar year in which the ordinance is

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adopted or calendar year 2007; and

(2) must specify that the certified distribution must be used to provide for one (1) of the following, as determined by the adopting entity:

(A) Uniformly applied increased homestead credits as provided in subsection (f).

(B) Uniformly applied increased residential credits as provided in subsection (g).

(C) Allocated increased homestead credits as provided in subsection (i).

(D) Allocated increased residential credits as provided in subsection (j).

An ordinance adopted under this subsection may be combined with an ordinance adopted under section 25 of this chapter.

(d) If an ordinance is adopted under subsection (c), the percentage of the certified distribution specified in the ordinance for use for the purpose provided in subsection (e) shall be:

(1) retained by the county auditor under subsection (k); and

(2) used for the purpose provided in subsection (e) instead of the purposes specified in the capital improvement plans adopted under section 15 of this chapter.

(e) If an ordinance is adopted under subsection (c), the adopting entity shall use the certified distribution described in section 16(c) of this chapter to increase:

(1) if the ordinance grants a credit described in subsection (c)(2)(A) or (c)(2)(C), the homestead credit allowed in the county under IC 6-1.1-20.9 for a year; or

(2) if the ordinance grants a credit described in subsection (c)(2)(B) or (c)(2)(D), the property tax replacement credit allowed in the county under IC 6-1.1-21-5 for a year for the residential property;

to offset the effect on homesteads or residential property, as applicable, in the county resulting from the statewide deduction for inventory under IC 6-1.1-12-42 **or from the exclusion in 2007 of inventory from the definition of personal property in IC 6-1.1-1-11.** The amount of an additional residential property tax replacement credit granted under this section may not be considered in computing the amount of any homestead credit to which the residential property may be entitled under IC 6-1.1-20.9 or another law other than IC 6-1.1-20.6.

(f) If the imposing entity specifies the application of uniform increased homestead credits under subsection (c)(2)(A), the county auditor shall, for each calendar year in which an increased homestead

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credit percentage is authorized under this section, determine:

(1) the amount of the certified distribution that is available to provide an increased homestead credit percentage for the year;

(2) the amount of uniformly applied homestead credits for the year in the county that equals the amount determined under subdivision (1); and

(3) the increased percentage of homestead credit that equates to the amount of homestead credits determined under subdivision (2).

(g) If the imposing entity specifies the application of uniform increased residential credits under subsection (c)(2)(B), the county auditor shall determine for each calendar year in which an increased homestead credit percentage is authorized under this section:

(1) the amount of the certified distribution that is available to provide an increased residential property tax replacement credit percentage for the year;

(2) the amount of uniformly applied residential property tax replacement credits for the year in the county that equals the amount determined under subdivision (1); and

(3) the increased percentage of residential property tax replacement credit that equates to the amount of residential property tax replacement credits determined under subdivision (2).

(h) The increased percentage of homestead credit determined by the county auditor under subsection (f) or the increased percentage of residential property tax replacement credit determined by the county auditor under subsection (g) applies uniformly in the county in the calendar year for which the increased percentage is determined.

(i) If the imposing entity specifies the application of allocated increased homestead credits under subsection (c)(2)(C), the county auditor shall, for each calendar year in which an increased homestead credit is authorized under this section, determine:

(1) the amount of the certified distribution that is available to provide an increased homestead credit for the year; and

(2) except as provided in subsection (l), an increased percentage of homestead credit for each taxing district in the county that allocates to the taxing district an amount of increased homestead credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-42 in the taxing district for the ~~immediately preceding year's~~ assessment date **in 2006** bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the ~~immediately preceding year's~~ assessment date **in 2006.**

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(j) If the imposing entity specifies the application of allocated increased residential property tax replacement credits under subsection (c)(2)(D), the county auditor shall determine for each calendar year in which an increased residential property tax replacement credit is authorized under this section:

(1) the amount of the certified distribution that is available to provide an increased residential property tax replacement credit for the year; and

(2) except as provided in subsection (l), an increased percentage of residential property tax replacement credit for each taxing district in the county that allocates to the taxing district an amount of increased residential property tax replacement credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-42 in the taxing district for the ~~immediately preceding year's~~ assessment date **in 2006** bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the ~~immediately preceding year's~~ assessment date **in 2006**.

(k) The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the increase of the homestead credit or residential property tax replacement credit within the county. The money shall be distributed to the civil taxing units and school corporations of the county:

(1) as if the money were from property tax collections; and

(2) in such a manner that no civil taxing unit or school corporation will suffer a net revenue loss because of the allowance of an increased homestead credit or residential property tax replacement credit.

(l) Subject to the approval of the imposing entity, the county auditor may adjust the increased percentage of:

(1) homestead credit determined under subsection (i)(2) if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the homesteads in the county; or

(2) residential property tax replacement credit determined under subsection (j)(2) if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the residential property in the county.

SECTION 23. IC 6-6-5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 2. (a) There is imposed an annual license excise tax upon vehicles, which tax shall be in lieu of the ad valorem property tax levied for state or local

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purposes, but in addition to any registration fees imposed on such vehicles.

(b) The tax imposed by this chapter is a listed tax and subject to the provisions of IC 6-8.1.

(c) No vehicle, as defined in section 1 of this chapter, ~~excepting vehicles in the inventory of vehicles held for sale by a manufacturer, distributor or dealer in the course of business,~~ shall be assessed as personal property for the purpose of the assessment and levy of personal property taxes or shall be subject to ad valorem taxes whether or not such vehicle is in fact registered pursuant to the motor vehicle registration laws. No person shall be required to give proof of the payment of ad valorem property taxes as a condition to the registration of any vehicle that is subject to the tax imposed by this chapter.

SECTION 24. IC 6-6-11-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 9. A boat is exempt from the boat excise tax imposed for a year if the boat is:

- (1) owned by the United States;
- (2) owned by the state or one (1) of its political subdivisions (as defined in IC 36-1-2-13);
- (3) owned by an organization exempt from federal income taxation under 501(c)(3) of the Internal Revenue Code;
- (4) a human powered vessel, as determined by the department of natural resources;
- (5) held by a boat manufacturer, distributor, or dealer for sale in the ordinary course of business; ~~and subject to assessment under IC 6-1-1;~~
- (6) used by a person for the production of income and subject to assessment under IC 6-1.1;
- (7) stored in Indiana for less than twenty-two (22) consecutive days and not operated, used, or docked in Indiana;
- (8) registered outside Indiana and operated, used, or docked in Indiana for a combined total of less than twenty-two (22) consecutive days during the boating year; or
- (9) subject to the commercial vessel tonnage tax under IC 6-6-6.

SECTION 25. IC 8-22-3.5-14, AS AMENDED BY P.L.124-2006, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 14. (a) This section applies only to an airport development zone that is in a:

- (1) city described in section 1(2) of this chapter; or
  - (2) county described in section 1(3), 1(4), or 1(6) of this chapter.
- (b) Notwithstanding any other law, a business or an employee of a

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business that is located in an airport development zone is entitled to the benefits provided by the following statutes, as if the business were located in an enterprise zone:

~~(1) IC 6-1.1-20.8.~~

~~(2) (1) IC 6-3-2-8.~~

~~(3) (2) IC 6-3-3-10.~~

~~(4) (3) IC 6-3.1-7.~~

~~(5) (4) IC 6-3.1-9.~~

~~(6) (5) IC 6-3.1-10-6.~~

(c) Before June 1 of each year, a business described in subsection (b) must pay a fee equal to the amount of the fee that is required for enterprise zone businesses under IC 5-28-15-5(a)(4)(A). However, notwithstanding IC 5-28-15-5(a)(4)(A), the fee shall be paid into the debt service fund established under section 9(e)(2) of this chapter. If the commission determines that a business has failed to pay the fee required by this subsection, the business is not eligible for any of the benefits described in subsection (b).

(d) A business that receives any of the benefits described in subsection (b) must use all of those benefits, except for the amount of the fee required by subsection (c), for its property or employees in the airport development zone and to assist the commission. If the commission determines that a business has failed to use its benefits in the manner required by this subsection, the business is not eligible for any of the benefits described in subsection (b).

(e) If the commission determines that a business has failed to pay the fee required by subsection (c) or has failed to use benefits in the manner required by subsection (d), the commission shall provide written notice of the determination to the department of state revenue, the department of local government finance, and the county auditor.

SECTION 26. THE FOLLOWING ARE REPEALED [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: IC 6-1.1-3-11; IC 6-1.1-3-12; IC 6-1.1-3-13; IC 6-1.1-10-29; IC 6-1.1-10-29.3; IC 6-1.1-10-29.5; IC 6-1.1-10-30; IC 6-1.1-10-30.5; IC 6-1.1-10-31.1; IC 6-1.1-10-31.4; IC 6-1.1-10-31.5; IC 6-1.1-10-31.6; IC 6-1.1-10-31.7; IC 6-1.1-10-40; IC 6-1.1-10-43; IC 6-1.1-10.1; IC 6-1.1-20.7; IC 6-1.1-20.8; IC 6-1.1-40-3.

SECTION 27. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)] **IC 6-1.1-1-11, IC 6-1.1-2-7, IC 6-1.1-3-1, IC 6-1.1-12-42, IC 6-1.1-12.1-4.5, IC 6-1.1-12.1-4.7, IC 6-1.1-12.1-5.4, IC 6-1.1-12.4-3, IC 6-1.1-40-9, IC 6-1.1-40-10, IC 6-1.1-40-11, and IC 6-1.1-42-17, all as amended by this act, apply only to property taxes first due and payable after December**

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1       **31, 2006.**  
2       SECTION 28. An emergency is declared for this act.

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